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# The AGRICULTURAL OUTLOOK DIGEST

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Cattle slaughter, highest on record so far this year, is unlikely to show as big a seasonal increase as usual this fall but will stay higher than a year ago.

Farmers have sold fed cattle at a higher rate and refilled feedlots at a lower rate than last year. Consequently, slaughter of fed cattle this fall may drop to or below a year earlier. Prices are likely to hold up well.

Farmers sold many beef calves and yearlings for slaughter this spring and summer, partly because of drought. This will help keep the fall run of grass cattle from reaching an extremely high level. However, considerably more will be sold than last fall. With supplies greater and demand from feeders relatively weak, prices of lower grade cattle are likely to stay relatively low this fall.

Spread between prices of higher and lower grade cattle has widened further since fed cattle prices turned upward in July. It is now unusually wide. Price prospects for coming months point to possibility of about average profits from cattle feeding in 1953-54. Last year, many feeders lost money.

Lamb prices have dropped less than cattle prices; now compare more favorably with cattle prices than in several years. This situation is likely to continue for some time.

Feeder lambs are down more than fed animals. Price spread is likely to continue wide, pointing to prospect for fairly good profits from lamb feeding.

The high rate of slaughter this year indicates that the number of sheep on farms is being reduced slightly even though 1953 lamb crop was up 7% from 1952.

Hogs, star price performer among meat animals this year, have begun the seasonal price decline. About the usual drop is expected from September to December. It is not likely to be enough to carry prices below a year earlier. At the middle of this month, hog prices at central markets were about \$5 above the same time last year.

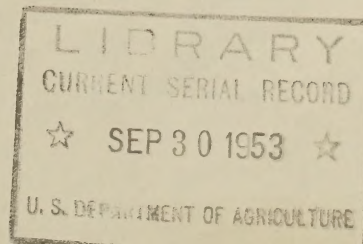
Feed grain production prospects were reduced about 3% by August droughts. Including stocks, total supply of feed concentrates for 1953-54 is estimated to be a little larger than in 1952-53 and 6% above the 1946-50 average. Supply per animal unit to be fed is 4% larger than last year. The hay crop this year is 104 million tons, about the same as last year but slightly above average.

Feed grain prices received by farmers in mid-August were down an average of 15% from a year earlier. Byproduct prices also are down sharply.

Drop in corn prices, advance in hog prices has made hog-corn ratio much more favorable for hog producers than last year. The egg, farm chicken and turkey ratios also have improved. On the other hand, the beef steer-corn, butterfat-feed and milk-feed ratios have declined.

The way livestock-feed ratios in July compared with a year earlier and average are shown below. Ratios are based on U. S. average farm prices except the beef-steer-corn ratio which is based on Chicago prices.

Ratio	Average	August 1953
Hog-corn	+28%	+34%
Beef steer-corn	- 1%	-14%
Butterfat-feed	- 7%	- 2%
Milk-feed	- 1%	- 2%
Egg-feed	+ 7%	+15%
Farm chicken-feed	-22%	+11%
Turkey-feed	-11%	+10%





**ECONOMIC ACTIVITY:** Current statistics continue to show high activity in business and industry. At record levels are consumer income, civilian employment, construction spending and expenditures for new plants and equipment by business. Business is selling goods at a high rate and industrial production is running only a little below the high springtime level. Total value of the nation's output—the Gross National Product—was up to a record annual rate of 372 billion dollars in the second quarter, 27 billion more than a year earlier.

On the other side of the ledger: the rate of new housing starts, though high, is declining. The amount of consumer credit outstanding continues to increase. Business inventories are still going up. Surveys point to some decline in business investment in coming months.

Crop prospects went down slightly as temperatures went up in August. However, the total is expected to be only a little below 1952 and third largest of record. Including livestock products, farm production this year is likely to equal the 1952 peak.

Prices in farm and wholesale markets continue generally stable. Prices to farmers in mid-August were about 13% below a year earlier, but the decline in the last 6 months amounts to only 2 percent.

**DAIRY PRODUCTS:** Prices received by farmers for milk have made less than the usual seasonal increase since June. The rise this fall probably will be less than usual. Milk output in August was much less above a year earlier than it was in the first part of 1953. The volume of butter, nonfat milk and cheese being sold to the Government under the price support program is somewhat smaller than in recent months.

**POULTRY AND EGGS:** Egg production is at the low point of the year this month; will rise seasonally into the spring. Marketings of poultry are increasing seasonally and consumer demand is strong.

**FATS AND OILS:** The September crop report forecast about the same tonnage of oilseeds for 1953 as was produced last year. The soybean crop is down but the cottonseed, flaxseed and peanut crops are likely to be larger.

Wholesale prices of most fats and oils moved higher the past month. Flaxseed prices have increased since late August. Trade reports indicate farmers are placing a major part of the new crop under price support.

**WHEAT:** Cash prices for winter and spring wheat have advanced over the past month but both remain under support levels. The spring wheat crop deteriorated during August and the September 1 estimate was 33½ million bushels under a month earlier. However, the total supply for 1953-54 remains well above any previous year.

**FRUIT:** Deciduous fruit prospects were reduced by August droughts but output still is likely to be nearly as large as in 1952. Prices in early fall are expected to average close to the relatively high level of a year earlier.

**VEGETABLES:** Larger crops of cabbage, cauliflower and green peas are expected this fall than a year ago, but fall carrots, cucumbers, lettuce and tomatoes are likely to be down. Total supplies in prospect are slightly smaller than last year and prices are expected to average about the same.

With the crop a tenth larger than last year, potato prices will stay well below a year ago. Sweetpotato prices are declining as the new crop—a fifth above 1952—moves to market.

**COTTON:** The 1953-54 supply of cotton is estimated to be 13 percent larger than last year. Stocks about doubled from August 1, 1952 to August 1, 1953 accounting for nearly all of the increase. The crop, forecast on September 1 at 15.2 million bales, is about the same as 1952 production.

**TOBACCO:** Farmers' prices for flue-cured so far this season have been running moderately above a year ago. Demand is expected to continue strong and the supply is slightly lower than in 1952-53.